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March 10, 1961

MEMORANDUM TO: The Honorable Allen W. Dulles,
Director of Central Intelligence

SUBJECT: Castro "Offer" to Discuss Indemnification of
Nationalized US Properties

You will recall that on March 7 I told you that press reports appeared to be giving undue importance to Fidel Castro's statement, in a March 6 speech, to the effect that should the United States resume sugar purchases from Cuba, indemnification of nationalized US properties could be discussed.* It appears that Castro's remark was little more than a reiteration of established Cuban policy.

The statement concerning the discussion of "some type of indemnity" appears to have been made merely in passing and subsequent Cuban commentary has not drawn particular attention to it. His speech was largely an explanation and justification of the Cuban agrarian reform to an audience which included delegates from Latin America (as well as Bloc observers) to the First Regional Conference of Plantation Workers of Latin America.

In discussing the necessity of agrarian revolution, Castro referred to the refusal of the "monopolists or landowners" to accept payment in bonds. He then stated:

"Our attitude had to be consistent with the reaction of these monopolies concerning the revolution. If in response to the agrarian reform they [the Americans] refused to buy sugar...the revolution refused to pay them any indemnity. If some day they want to buy sugar again, then at that time we can discuss some type of indemnity. That depends on the mutual benefits which can be derived from the discussion of these problems."

*There was also some question at that time as to discrepancies between press quotations and the FBIS summary translation. These discrepancies have now been cleared up with the receipt from FBIS of the full text in Spanish of the portion in question, which is quoted above in translation, and which agrees with the newspaper quotations.

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STATE review(s) completed.

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"standing offer" for payment of expropriated US properties stipulated that ~~payments for~~ ^{nationalization law of July 1960, which} ~~these~~ properties, in 30-year, 2% bonds, would be made only in the event that the United States bought more than 3 million Spanish ~~long~~ tons (2,272 pounds) of sugar annually at a price not under 5.75 cents per pound f.a.s. Twenty-five percent of the income thus derived would be set aside in a fund for amortization of the bonds. The "joker" is that only once (in 1958) have US sugar purchases from Cuba exceeded 3 million tons and since 1920 the average annual price has not exceeded 5.75 cents.

We consider that Castro's quoted remarks in themselves offer scant basis for believing that the Cubans are now prepared to approach the question of indemnification of nationalized US properties in a manner any more realistic than that implied by the 1960 law. Certainly it is difficult to construe Castro's passing reference to the subject as what the New York Times called "a tentative offer for negotiations with the United States to settle its differences with Cuba".

Roger Hillsman

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